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Policy
P.L.*

**Mutual
OF OMAHA**



your good neighbor

MUTUAL OF OMAHA INSURANCE COMPANY

V. J. SKUTT
CHAIRMAN OF THE BOARD

D. D. ULFERS
PRESIDENT

HOME OFFICE OMAHA, NEBRASKA

WASHINGTON, D.C., REGIONAL GROUP OFFICE
SUITE 1208, 1750 PENNSYLVANIA AVE., N.W.
WASHINGTON, D.C. 20006
298-8084

NORMAN C. CONWAY
MANAGER

June 3, 1968

[Redacted] President

Government Employees Health Assn.
Post Office Box 463
Washington, D.C. 20044

Group Policy GMG 1799

Dear [Redacted]

Following our meeting of May 21, 1968 with Mr. Randall, Mr. Jones, [Redacted] you and I in attendance, [Redacted] returned to Omaha and reviewed your program in light of its current experience.

As a result of that review, we are agreeable to making the following changes in the contract.

- 1) We would propose to change the definition of a hospital as follows: "A hospital is an institution which provides overnight inpatient care, has full diagnostic and therapeutic facilities under the supervision of a staff of doctors, and 24-hour nursing services by registered graduate nurses (RN). The term 'hospital' shall not include an institution which is used principally as a convalescent home, rest home, nursing home, or home for the aged, drug addicts, or alcoholics".

I am informed by the Claim Department that the definition presently in the brochure is adequate to take care of alcoholics if you so desire and did not wish to change the brochure at this time.

- 2) I have discussed the matter of covering the expenses of a transplant donor where the donor is not insured elsewhere. If a donor is a covered member or a dependent of a covered member, then, of course, the basic

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June 3, 1968

program would be used for payment of expenses. If the donor has other insurance coverage, we would expect that coverage to pay first; however, should the donor not have any insurance, we would agree to covering them to the extent of the GEHA group protection.

- 3) We have calculated the cost for the handling of a group having benefits similar to those of the GEHA program. We have assumed a level of 12,000 protected members and 9,000 dependent units. The total cost of our handling claims would be approximately \$54,500, or an annual average cost per member of \$4.54.
- 4) In addition to the above we have reviewed the rates quoted to you in my April 5, 1968 letter and have developed the following revised rates.

To increase the hospital room and board benefit from \$40 per day to \$45 per day for 90 days would require an additional monthly brochure rate of \$.40 self only and \$1.11 for self and family.

To increase the \$40 room and board benefit to \$50 for 90 days would require a monthly brochure rate of \$.80 for self only and \$2.22 for self and family.

To increase the room and board benefit to full semi-private would require a monthly brochure rate of \$.82 self only and \$2.27 self and family. ✓

To increase your current maternity benefit of \$30 a day for 8 days to \$35 a day for 8 days would require a monthly brochure rate of \$.00 self only and \$.21 for self and family.

To go to \$40 a day for 8 days would require a monthly brochure rate of \$.00 self only and \$.43 for self and family.

To make a corresponding increase in the obstetrical benefit from its current level of \$100-\$150-\$50 to \$200-\$400-\$100 would require a monthly brochure rate of \$.85 for self and family.

To treat maternity as any other sickness would require a monthly brochure rate of \$.00 self only and \$2.40 self and family.

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June 3, 1968

The in-hospital medical benefits quoted in my letter of April 5, 1968 would remain the same as quoted.

The substitution of the 1964 CRVS for the 1957 CRVS as mentioned in my letter of April 5, 1968 would remain the same as quoted in that letter.

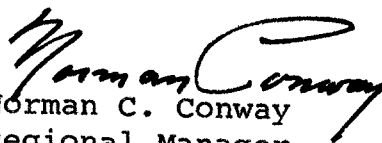
To provide the specific surgical schedule increases mentioned in [] letter of April 30, 1968 would require a monthly brochure rate of \$.18 self only and \$.68 self and family.

To increase the maximum benefit from \$30,000 per year to \$40,000 per year would require a monthly brochure rate of \$.10 self only and \$.25 self and family.

The only item not covered, [] deal with our attempts to design a completely new concept for your program, since such a concept would be intermingled with any analysis and comparison of the GEHA program with Blue Cross and Aetna, we feel that we need a little more time to do a comprehensive review of these programs. We are hopeful, however, that we will be able to get something to you by early next week. You did indicate during our meeting that the new concept was not absolutely essential for the forth coming board meeting.

I sincerely hope that all of the information contained in this letter cover all of the items discussed in our meeting, if not, please contact me by phone and I, in turn, will attempt to get the information by a return call from the Home Office.

Sincerely,


Norman C. Conway
Regional Manager

NCC:sak

cc: Mr. J. E. Jones

CIB - for policy file

27 MAY 1968

MEMORANDUM FOR THE RECORD

In a meeting with Mr. Randall, Mutual of Omaha, on 21 May 1968 he agreed to drop the total exclusion on alcoholism, drug addiction, and self-inflicted injuries. We will now present it to the Board of Directors for decision.




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MEMORANDUM FOR THE RECORD

1. On 14 May 1968, I called Norman Conway, Mutual of Omaha, and asked if we could be authorized to drop the exclusion as now stated in the brochure with respect to alcoholism, drug addiction, and self-inflicted injuries. He stated that since we are paying all of this anyway he saw no reason why we couldn't and also agreed with me that there should be no additional charge. He will check with the Home Office.

2. I then called Mr. Ruddock, Director, Bureau of Retirement and Insurance, and asked him if proper authorization could be obtained could we remove these exclusions effective immediately rather than wait for the next contract year. He stated that we could but we should formally request him to approve it.


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MEMORANDUM FOR THE RECORD

1. After receiving the attached letter, I called Mr. Ruddock to explain that his letter was inaccurate when it indicates that our hospitalization plan either excludes entirely or severely limits benefits for the treatment of alcoholism. He and I had several lengthy conversations on this and he finally agrees that the letter should not have been sent to GEHA. He actually offered to withdraw it with apologies.

2. The point I made and with which he agrees is that since alcoholism is almost always viewed as being related to a mental or nervous disorder and since our plan provides coverage for alcoholism as in any other illness when related to a mental or nervous disorder, our plan in effect provides full coverage.

3. We extended our conversation to include drug addiction and self-inflicted injuries. At my request, he surveyed all hospitalization plans under the Federal Health Benefits Act to see which plans had exclusions. He later reported that on drug addiction there are five other plans that have an exclusion and only three others who have an exclusion on self-inflicted injuries. Neither GHI nor Aetna have any exclusions at all. It is Mr. Ruddock's view that we should make an attempt to remove these two additional exclusions.

4. On alcoholism, and while he agrees that we have coverage, he suggested that we make an effort to remove the exclusion entirely since it is possible that anyone reading the brochure might misunderstand the extent of our coverage. I told him that I would make every effort to do so.


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DC/BSD

8 May 1968

DC 68-23

Material from BRI on "Alcoholism" w/note on priority, see if it will cost us anything to remove limitations on alcoholism, so as to treat it like any ~~of~~ other illness. I hope we can do it free.

FORM 44C
11-58

OBSELETE PREVIOUS
EDITIONS

ABSTRACT FILE SLIP (18)



UNITED STATES CIVIL SERVICE COMMISSION

BUREAU OF RETIREMENT AND INSURANCE

WASHINGTON, D.C. 20415

MAY 3 1968

IN REPLY PLEASE REFER TO

RI:INS:E1

YOUR REFERENCE

[Redacted] President
Government Employees Health Association
Post Office Box 463
Washington, D.C. 20044

Dear [Redacted]

The National Advisory Committee on Alcoholism, appointed by the Secretary of Health, Education and Welfare, has recently made initial recommendations with regard to Federal Government support of the national fight against alcoholism. One of these recommendations is:

That coverage in prepayment and insurance plans be included for diagnosis and treatment of alcoholism, in and out of hospital, as an integral part of employee health plans.

In line with the national action policy on problem drinking set by the Department, the Civil Service Commission held a two day educational conference on the latest medical research and experience in combating problem drinking as part of the Government's occupational health programs. A copy of the report of this conference is enclosed.

We believe it is clear that alcoholism is a treatable disease. Therefore, it is vital that all plans participating in the Federal Employees Health Benefits Program should include in the benefits offered to Federal employees, coverage for the treatment of alcoholism. Enclosed with this letter are several publications that discuss the scope of the problem and suggest some ways in which it can be attacked.

Presently, six plans either exclude entirely or severely limit benefits for the treatment of alcoholism. Your plan is one of the six. In presenting proposals for the contract year 1969 as

THE MERIT SYSTEM—A GOOD INVESTMENT IN GOOD GOVERNMENT

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requested by our letter of April 19, 1968, we strongly urge that you remove any existing restrictions on benefits for the treatment of alcoholism, and provide the same contract benefits for this as for other illnesses.

Sincerely yours,

A handwritten signature in cursive script that reads "Andrew E. Ruddock".

Andrew E. Ruddock
Director

Enclosures



UNITED STATES CIVIL SERVICE COMMISSION

BUREAU OF RETIREMENT AND INSURANCE

WASHINGTON, D.C. 20415

IN REPLY PLEASE REFER TO

YOUR REFERENCE

April 19, 1968

CLIB Policy file

[Redacted] President
Government Employees Health Association
Post Office Box 463
Washington, D.C. 20044

Dear [Redacted]

This letter is our annual reminder to all carriers participating in the Federal Employees Health Benefits Program concerning the submission of rate and benefit proposals for the contract term beginning January 1, 1969.

1. DEADLINE DATES FOR PROPOSALS

In accordance with the health benefits regulations, the last day for submitting proposals for changes in benefits is June 30, 1968; for changes in subscription charges, August 31, 1968. No extension beyond these dates can be granted and we cannot consider until January 1, 1969, any proposals received after the deadline dates.

We would appreciate your firm proposals as soon as you can possibly submit them, leaving the deadline dates for necessary last minute changes. Please also let us know as early as possible if you do not expect to propose any changes.

2. OPEN SEASON

As has been published as proposed rulemaking in the Federal Register of April 19, 1968, the Commission has scheduled the next open season for employees (not annuitants) during the period November 10 to November 28, 1969 (see enclosure). There is no open season scheduled for 1968. Any comments on the proposed rulemaking must be submitted to us before May 21, 1968, to receive consideration. Although the Commission's final decision will not be made until after that date, you should assume in your planning that the next open season will not be held until November 1969. The following information is based on this assumption.

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3. DISTRIBUTION OF BROCHURES

Brochures will not be revised for 1969 except in those cases where a plan has rate changes or significant benefit changes. There will be no general distribution of revised brochures to employees. We plan to inform employees and annuitants of changes in rates and significant changes in benefits by general distribution of a revised informational pamphlet, BRI 41-117, as was done in 1967.

4. CHANGES IN BENEFITS

Proposals for changes in benefits should be submitted in duplicate, with the changes specifically described, and in proper form for inclusion in your brochure. (We would appreciate it if you also mark up a brochure to show any changes proposed.) In the absence of an open season, we prefer that proposals for changes in benefits for 1969 be confined to essential perfecting changes. We do not favor reductions in benefits when there is no open season opportunity to change plans; nor do we favor increases in benefits which entail significant additional premium cost.

As in previous years, we will consider as perfecting changes any alternatives to more costly medical care, especially alternatives to expensive hospital in-patient care. For example, with the establishment of standards for extended care facilities as a result of Medicare, we believe plans should begin to provide at least some coverage for convalescent care in such facilities so as to encourage earlier discharge from more costly hospitals.

During the past year we have had a few cases of employees either exhausting the maximum benefits of their respective plans or approaching this point. One of the advantages inherent in the wide choice of plans under the Federal Employees Program is the opportunity for an employee to change to another plan and start anew when he or a member of his family (who is not hospitalized on the effective date of enrollment) reaches the maximum benefit payable under his plan. Since, without an open season, this opportunity to change plans will not be offered this year we suggest that, if you have any cases where a person has or is about to exhaust his maximum benefit, you consider increasing the maximum. (This maximum could be an inside limitation, such as the number of hospital days, as well as an overall dollar maximum on benefits.) We will consider a proposal to increase maximum benefits as a perfecting change.

5. CHANGES IN SUBSCRIPTION CHARGES

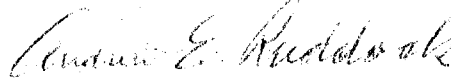
Although final proposals for rate changes are not due until August 31, 1968, we would appreciate your letting us know as early as possible whether or not you anticipate making rate changes. If

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you intend to increase premium rates we would also appreciate your tentative proposal at an early date and you would be free to revise it any time up to August 31.

We urge that you limit your proposals for rate increases to the absolute minimum necessary to maintain (or achieve) a sound financial position throughout 1969.

Sincerely yours,



Andrew E. Ruddock
Director

Enclosure

UNITED STATES CIVIL SERVICE COMMISSION
(5 CFR Part 890)
FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM
NOTICE OF PROPOSED RULE MAKING

Notice is hereby given that under authority of section 8913 of title 5, United States Code, it is proposed to amend Part 890 of Title 5 of the Code of Federal Regulations as hereinafter explained. A new subparagraph (2) is proposed to be added to paragraph (d) of Sec. 890.301 to provide an open season during the period November 10 to November 28, 1969. A new paragraph (c) is proposed to be added to Sec. 890.306 to provide effective dates for changes of enrollment and new enrollments under the 1969 open season. The amendments to Sec. 890.301 and 890.306 are proposed to become effective upon publication in the Federal Register after expiration of this 30-day notice of proposed rule making.

Interested persons may submit written comments, objections, or suggestions to the U. S. Civil Service Commission, Bureau of Retirement and Insurance, Washington, D.C. 20415, within 30 days of the date of publication of this notice of proposed rule making in the Federal Register.

Sec. 890.301(d)(2) and 890.306(c) are proposed to be amended to read as follows:

Sec. 890.301 Opportunities to register to enroll and change enrollment.

* * * * *

(d) * * *

- (2) During the period November 10 to November 28, 1969, an employee who is not registered to be enrolled may register to be enrolled, and any enrolled employee may change his enrollment from one plan or option to another, or from self alone to self and family, or both.

* * * * *

Sec. 890.306 Effective dates.

* * * * *

(c) Open season.

- (1) The effective date of a change in enrollment under Sec. 890.301(d)(2) is the first day of the first pay period beginning on or after January 1, 1970.
- (2) The effective date of a new enrollment under Sec. 890.301(d)(2) is the first day of the first pay period beginning on or after January 1, 1970, which follows a pay period during any part of which the employee is in pay status.